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APPEARANCE OF

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FEDERAL BUREAU OF INVESTIGATION

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE
UNITED STATES SENATE

FBI Review Completed

October 30, 1985

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GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. I AM LOOKING FORWARD TO DISCUSSING WITH YOU TODAY THE CURRENT PROPOSALS AND INITIATIVES TO IMPROVE THE COUNTERINTELLIGENCE AND SECURITY PROGRAMS OF THE U.S. GOVERNMENT. I WOULD LIKE TO BRIEFLY MENTION SOME OF THE SIGNIFICANT ISSUES FACING OUR COUNTERINTELLIGENCE PROGRAM TODAY AND THE INITIATIVES THE FBI IS TAKING TO ADDRESS THEM.

THE FBI BELIEVES THAT EFFECTIVE COORDINATION AND COOPERATION BETWEEN THE ADMINISTRATION AND AGENCIES OF THE U.S. INTELLIGENCE COMMUNITY ARE ESSENTIAL FOR EFFECTIVE COUNTERINTELLIGENCE AND PROTECTIVE SECURITY PROGRAMS. IN THE EARLY 1980S, THE ADMINISTRATION REORGANIZED THE NATIONAL LEVEL STRUCTURE FOR INTELLIGENCE AND COUNTERINTELLIGENCE RESULTING IN CREATION OF A SENIOR INTERAGENCY GROUP FOR INTELLIGENCE (SIG-I) AND TWO SPECIALIZED INTERAGENCY GROUPS, ONE FOR COUNTER-INTELLIGENCE (IG/CI) AND ONE FOR PROTECTIVE SECURITY AND COUNTERMEASURES (IG/CM). AS THE AGENCY PRIMARILY RESPONSIBLE FOR COUNTERINTELLIGENCE MATTERS, THE FBI CHAIRS THE IG/CI, AND SENIOR FBI OFFICIALS PLAY A MAJOR ROLE IN THE NATIONAL LEVEL STRUCTURE FOR COUNTERINTELLIGENCE AND PROTECTIVE SECURITY PROGRAMS. THE FBI BELIEVES THAT THE CURRENT NATIONAL STRUCTURE FOR INTELLIGENCE, COUNTERINTELLIGENCE, AND PROTECTIVE SECURITY, HAS SIGNIFICANTLY IMPROVED THE COORDINATION OF COUNTERINTELLIGENCE OPERATIONS AND HAS MADE THE U.S. INTELLIGENCE COMMUNITY MORE RESPONSIVE TO THE NEEDS OF THE PRESIDENT AND SENIOR U.S. GOVERNMENT POLICYMAKERS.

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CONCURRENTLY, THE FBI SIGNIFICANTLY EXPANDED ITS ROLE IN THE INTELLIGENCE COMMUNITY. SINCE FISCAL YEAR (FY) 82, THE FBI HAS MORE THAN DOUBLED ITS DEDICATION OF SPECIAL AGENTS TO SUPPORT INTELLIGENCE COMMUNITY SPECIAL PROJECTS FROM 64 TO OVER 130 SPECIAL AGENTS TODAY.

RECENTLY, THE FBI DETAILED REPRESENTATIVES TO PERMANENT ADVISORY POSITIONS WITH THE NATIONAL SECURITY AGENCY (NSA), THE STATE DEPARTMENT'S OFFICE OF FOREIGN MISSIONS (OFM), THE CENTRAL INTELLIGENCE AGENCY (CIA), AND THE NATIONAL SECURITY COUNCIL (NSC). THESE FBI REPRESENTATIVES ARE INVOLVED IN SUBSTANTIVE INTELLIGENCE PROGRAMS AND PROVIDE COUNTERINTELLIGENCE EXPERTISE AND ADVICE TO THESE ORGANIZATIONS. IN ADDITION, THE FBI HAS REPRESENTATIVES ASSIGNED PART-TIME TO OVER FIFTY OTHER INTERAGENCY BOARDS AND COMMITTEES.

THE FBI BELIEVES THAT ITS EXPANDED ROLE IN THE U.S. INTELLIGENCE COMMUNITY HAS IMPROVED THE COORDINATION AND EFFECTIVENESS OF COUNTERINTELLIGENCE OPERATIONS IN THE UNITED STATES AND ABROAD.

EFFECTIVE COOPERATION AND COORDINATION ARE ESSENTIAL BECAUSE OVER THE LAST DECADE THERE HAVE BEEN SIGNIFICANT INCREASES IN THE NUMBER OF HOSTILE INTELLIGENCE OFFICERS POSTED TO THE UNITED STATES AND IN THE NUMBER OF VISITORS FROM COMMUNIST COUNTRIES. MORE IMPORTANTLY, THE FBI HAS OBSERVED AN INCREASED AGGRESSIVENESS IN HOSTILE INTELLIGENCE OPERATIONS IN THE UNITED STATES.

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IN RESPONSE TO THE GROWING INTELLIGENCE THREAT, THE FBI HAS REQUESTED AND HAS RECEIVED, WITH THE APPROVAL OF THE ADMINISTRATION AND CONGRESS, SIGNIFICANT INCREASES IN OUR BUDGET FOR FOREIGN COUNTERINTELLIGENCE INVESTIGATIONS (FCI). OVER THE LAST FIVE YEARS, THE FBI'S FCI BUDGET HAS INCREASED FROM JUST OVER 100 MILLION DOLLARS IN FY 82 TO OVER 230 MILLION DOLLARS TODAY. INCREASES HAVE BEEN ACROSS THE BOARD IN ALL MAJOR PROGRAM EFFORTS, WITH OUR DEDICATED TECHNICAL PROGRAM SHOWING THE MOST SIGNIFICANT GROWTH FROM UNDER 5 MILLION IN FY 82 TO OVER 56 MILLION IN FY 86. FBI PERSONNEL DEDICATED TO THE FOREIGN COUNTERINTELLIGENCE PROGRAM HAVE INCREASED FROM 2700 IN FY 82 TO 4200 IN FY 86, AN INCREASE OF OVER 50 PERCENT. MORE SIGNIFICANTLY, THE FBI HAS ALLOCATED ITS RESOURCES IN ACCORDANCE WITH WELL-DEFINED PRIORITIES AND PROGRAMS, AND AS NECESSARY, HAS REALLOCATED RESOURCES TO RESPOND TO CHANGES IN THE HOSTILE THREAT.

THE INCREASE IN OUR COMPLEMENT OF SPECIAL AGENTS, LANGUAGE SPECIALISTS, AND SURVEILLANCE PERSONNEL, IN CONCERT WITH IMPROVEMENTS IN OUR TECHNICAL COVERAGE, HAVE ENHANCED OUR ABILITY TO MONITOR AND DISRUPT THE ACTIVITIES AND MOVEMENTS OF HOSTILE INTELLIGENCE OFFICERS IN THE UNITED STATES. INCREASES IN OUR COMPLEMENT OF COUNTERINTELLIGENCE ANALYSTS, INCLUDING ANALYSTS ASSIGNED TO FIELD OFFICES, HAVE IMPROVED THE FBI'S ABILITY TO ASSESS HOSTILE INTELLIGENCE OPERATIONS IN THE UNITED STATES AND ASSISTED OUR INVESTIGATIONS OF ESPIONAGE OPERATIONS.

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RESTRICTIONS ON THE PRESENCE, ACTIVITIES, AND MOVEMENTS OF HOSTILE INTELLIGENCE OFFICERS ARE ESSENTIAL TO IMPROVING OUR COUNTERINTELLIGENCE AND SECURITY PROGRAMS. THE STATE DEPARTMENT'S OFM HAS FORMULATED PLANS AND IMPLEMENTED EFFECTIVE MEASURES TO RESTRICT THE MOVEMENTS AND ACTIVITIES OF SELECTED HOSTILE INTELLIGENCE SERVICE PERSONNEL IN THE UNITED STATES AND TO PROMOTE DIPLOMATIC RECIPROCITY BETWEEN THE UNITED STATES AND OTHER GOVERNMENTS, PARTICULARLY THE SOVIET UNION. THE FBI'S OFM REPRESENTATIVES PLAY AN ACTIVE ROLE IN THE FORMULATION OF OFM POLICIES AND PLANS AND ENSURE THAT COUNTERINTELLIGENCE CONCERNS ARE FACTORED INTO OFM ACTIONS.

THE FBI HAS ALSO SUPPORTED THE SENATE INTELLIGENCE COMMITTEE'S INITIATIVES TO RESTRICT THE PRESENCE, MOVEMENTS, AND ACTIVITIES OF HOSTILE INTELLIGENCE OFFICERS IN THE UNITED STATES, INCLUDING THE LEAHY-COHEN AND ROTH AMENDMENTS TO THE STATE DEPARTMENT'S AUTHORIZATION ACT PASSED IN JULY. THESE AMENDMENTS, WHICH CALL FOR SUBSTANTIAL EQUIVALENCY IN DIPLOMATIC PRESENCE BETWEEN THE UNITED STATES AND THE SOVIET UNION AND RESTRICTIONS ON THE TRAVEL OF CERTAIN UNITED NATIONS (UN) SECRETARIAT PERSONNEL (SPECIFICALLY AIMED AT SOVIET EXPLOITATION OF THE UN SECRETARIAT FOR INTELLIGENCE OPERATIONS), WILL ASSIST OUR COUNTERINTELLIGENCE OPERATIONS IN THE UNITED STATES.

IN ADDITION TO THE SERIOUS CONCERNS OVER HOSTILE INTELLIGENCE COLLECTION AND ESPIONAGE OPERATIONS, THE ADMINISTRATION AND THE U.S. INTELLIGENCE COMMUNITY HAVE

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IDENTIFIED TWO OTHER MAJOR PROBLEMS THAT ADVERSELY AFFECT OUR NATIONAL SECURITY INTERESTS: ACTIVE MEASURES AND TECHNOLOGY TRANSFER. THE SOVIETS USE ACTIVE MEASURES (I.E., COVERT INFLUENCE AND DISINFORMATION OPERATIONS) TO ADVANCE SOVIET FOREIGN POLICY AIMS, INFLUENCE THE POLICIES OF FOREIGN GOVERNMENTS, DISCREDIT U.S. GOVERNMENT OFFICIALS AND POLICIES, AND ISOLATE THE UNITED STATES FROM ITS ALLIES AND THE WORLD COMMUNITY.

IN RESPONSE TO THESE OPERATIONS, THE ADMINISTRATION ESTABLISHED THE INTERAGENCY ACTIVE MEASURES WORKING GROUP, CHAIRED BY THE STATE DEPARTMENT, TO MONITOR AND EXPOSE SOVIET ACTIVE MEASURES THROUGHOUT THE WORLD. THROUGH ITS REPRESENTATIVES ON THE WORKING GROUP, THE FBI WORKS CLOSELY WITH OTHER AGENCIES OF THE U.S. GOVERNMENT. THE FBI HAS PROVIDED INVESTIGATIVE SUPPORT AND INFORMATION TO THE WORKING GROUP IN AN EFFORT TO EXPOSE SOVIET ACTIVE MEASURES OPERATIONS IN THE UNITED STATES AND ABROAD AND TO EDUCATE THE PUBLIC AND PRESS ON THESE OPERATIONS.

THE ILLEGAL TRANSFER OF TECHNOLOGY TO COMMUNIST COUNTRIES, PARTICULARLY THE SOVIET UNION, ALSO POSES A SERIOUS THREAT TO U.S. NATIONAL SECURITY INTERESTS. IN RESPONSE TO THIS ISSUE, THE ADMINISTRATION HAS PLACED ADDITIONAL CONTROLS ON THE EXPORT OF TECHNOLOGY AND HAS ESTABLISHED SEVERAL INTERAGENCY COMMITTEES TO DEAL WITH THE PROBLEM. FBI REPRESENTATIVES ARE ASSIGNED TO MANY OF THESE INTERAGENCY COMMITTEES AND THROUGH OUR

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INVESTIGATIONS WE SUPPORT THE U.S. GOVERNMENT'S EFFORTS TO HALT THE ILLEGAL FLOW OF TECHNOLOGY. THE FBI WORKS CLOSELY WITH THE DEPARTMENT OF COMMERCE AND THE U.S. CUSTOMS SERVICE WHICH HAVE THE PRIMARY RESPONSIBILITY FOR STEMMING THE ILLEGAL TRANSFER OF DUAL USE TECHNOLOGY.

TO ALERT THE INDUSTRIAL AND PUBLIC SECTOR TO THE THREAT POSED BY THE HOSTILE INTELLIGENCE SERVICES, INCLUDING THE PROBLEMS OF ILLEGAL TECHNOLOGY TRANSFER, THE FBI INITIATED A PROGRAM IN 1978 CALLED THE DEVELOPMENT OF COUNTERINTELLIGENCE AWARENESS OR DECA. IN THIS PROGRAM, THE FBI IDENTIFIES DEFENSE CONTRACTORS HOLDING CLASSIFIED U.S. GOVERNMENT CONTRACTS AND INITIATES CONTACTS WITH THESE FIRMS TO ALERT THEM TO THE THREAT POSED BY HOSTILE INTELLIGENCE SERVICES. OVER 15,000 CONTRACTORS HAVE BEEN CONTACTED SINCE THE PROGRAM WAS ESTABLISHED. OUR CONTACTS HAVE RANGED FROM CONVERSATIONS WITH COMPANY SECURITY OFFICERS TO LENGTHY PRESENTATIONS TO LARGE GROUPS OF EMPLOYEES. THESE CONTACTS ARE AUGMENTED BY PUBLIC ADDRESSES GIVEN BY THE DIRECTOR, FBI EXECUTIVES, AND SPECIAL AGENTS IN THE FIELD TO INDUSTRIAL, PROFESSIONAL, AND MANAGEMENT GROUPS THROUGHOUT THE COUNTRY.

IN ADDITION TO THE ISSUES I HAVE JUST MENTIONED, THE FBI SUPPORTS THE CURRENT PROPOSALS AND INITIATIVES OF THE ADMINISTRATION AND THE U.S. INTELLIGENCE COMMUNITY TO IMPROVE PROTECTIVE MEASURES AGAINST HOSTILE INTELLIGENCE ACTIVITIES, INCLUDING THE STILWELL COMMISSION STUDY ON DEFENSE DEPARTMENT

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SECURITY POLICIES, THE INFORMATION SECURITY OVERSIGHT OFFICE TASK FORCE, THE STEPS TO IMPLEMENT NSDD-145, AND THE SETTING OF NEW LIMITS ON THE ACTIVITIES OF CERTAIN FOREIGN GOVERNMENTS IN THE UNITED STATES.

THE FBI ALSO SUPPORTS THE INITIATIVES AND ACTIONS OF THE SENATE SELECT COMMITTEE CONCERNING ESPIONAGE AND SECURITY PROBLEMS. THESE INCLUDE THE SUPPLEMENTAL APPROPRIATIONS BILL FOR FY 85 TO ENHANCE SECURITY COUNTERMEASURES AT U.S. EMBASSIES AND OTHER FACILITIES ABROAD, THE LEAHY-COHEN AND ROTH AMENDMENTS WHICH I PREVIOUSLY MENTIONED, AND HEARINGS EXAMINING U.S. COUNTERINTELLIGENCE AND PROTECTIVE SECURITY PROGRAMS.

THE FBI BELIEVES THAT EFFORTS TO IMPROVE OUR COUNTERINTELLIGENCE AND PROTECTIVE SECURITY PROGRAMS IN RECENT YEARS HAVE RESULTED IN SIGNIFICANT SUCCESS AGAINST HOSTILE INTELLIGENCE SERVICES. SINCE 1982, THE FBI HAS ARRESTED 25 INDIVIDUALS FOR ESPIONAGE. THERE HAVE BEEN 20 CONVICTIONS AND IN FIVE CASES PROSECUTION IS PENDING. THIS FOUR-YEAR TOTAL IS THE HIGHEST RATE OF ARREST AND CONVICTION OF ESPIONAGE AGENTS SINCE WORLD WAR II. IN ADDITION, SINCE 1982, THE U.S. GOVERNMENT HAS FORMALLY OR INFORMALLY EXPELLED OVER 25 HOSTILE INTELLIGENCE OFFICERS FROM THE UNITED STATES BASED ON INFORMATION DEVELOPED BY THE FBI. IN RECENT YEARS, THE FBI HAS ALSO ACHIEVED CONSIDERABLE SUCCESS IN CONTROLLED DOUBLE AGENT OPERATIONS AND RECRUITMENTS-IN-PLACE AGAINST HOSTILE INTELLIGENCE SERVICES.

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ALTHOUGH THE U.S. GOVERNMENT AND INTELLIGENCE COMMUNITY HAVE MADE GREAT STRIDES IN IMPROVING OUR COUNTERINTELLIGENCE AND SECURITY PROGRAMS, WE MUST CONTINUE TO REEVALUATE AND REASSESS OUR OPERATIONS. THEREFORE, WE WELCOME YOUR COMMITTEE HEARINGS AND FIRMLY BELIEVE THAT COORDINATION AND COOPERATION BETWEEN THE ADMINISTRATION, CONGRESS, AND INTELLIGENCE COMMUNITY AGENCIES ARE ESSENTIAL TO EFFECTIVE COUNTERINTELLIGENCE AND PROTECTIVE SECURITY PROGRAMS.

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